Rate of inflation

†1620. SHRI RAJ MOHINDER SINGH MAJITHA:

SHRI RAM JETHMALANI:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that in most of the developed and developing countries, Consumer Price Index (CPI) is used to assess the rate of inflation instead of Wholesale Price Index (WPI);

(b) if so, the number of such countries;

(c) the names of the countries where WPI is treated as criterion for inflation; and

(d) the reasons for not using CPI as a criterion of Inflation in India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Different countries use different price indices for measuring inflation such as Consumer Price Index (CPI), Producer Price Index (PPI) and Wholesale Price Index (WPI). In the case of India, in addition to Wholesale Price Index, four other price indices are computed *viz*. Consumer Price Indices for industrial workers (CPI-IW), Urban-Non-Manual Employees (CPI-UNME), Agricultural Labourers (CPI-AL) and Rural Labourers (CPI-RL).

(b) and (c) Consumer Price Index (CPI) and Producer Price Index (PPI) are generally used in most of the countries; as per information of International Financial Statistics (September, 2007) of the IMF, WPI is used in twenty-four countries in the world. Presently, WPI users countries are India, Austria, Brazil, Central African Republic, Egypt, EL Salvador, Indonesia, Iran, Ireland, Japan, Jordan, Kuwait, Mexico, Morocco, Pakistan, Panama, Peru, Saudi Arabia. Singapore, Sri Lanka, Syrian Arab Republic, Turkey, Ukraine and Uruguay (IFS-Sept, 2007).

(d) The four consumer price indices (CPIs) are specific to a group of consumers. The commodity basket and weights for these indices are derived based on group-specific consumer expenditure surveys. The Wholesale Price Index (WPI) is however, an economy wide index covering 435 commodities. Weights of these commodities are derived based on the value of quantities in the cosmetic market. As such it is a more comprehensive measure of economy-wide inflation available with high frequency.

Non-performing assets with banks

1621. SHRI RAMACHANDRA KHUNTIA: Will the PRIME MINISTER be pleased to state:

(a) the position of non-performing assets in State Bank of India, Nationalized Banks alongwith list of the big defaulters; and

(b) the action being taken by the banks to realize the loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) As on March, 2008, the Gross non-performing assets of State Bank of India and Nationalised banks stood at Rs. 12,576 crore and Rs. 25,117 crore respectively. Credit Information Bureau (India)

†Original notice of the question was received in Hindi

Limited (CIBIL) is maintaining a database on suit-filed accounts of Rs. 1 Crore and above and suit-filed accounts (wilful defaulters) of Rs. 25 Lakhs and above. The information can be accessed at CIBIL website *www.cibil.com*. As per data available on the website of CIBIL, a total of around Rs. 22,693 crore was outstanding in 3273 accounts in the sui-filed accounts of Rs. 1 crore and above of public sector banks as on 31.03.2008.

(b) Banks adopt various measures for recovery of their NPAs in accordance with their Board approved policies such as Corporate Debt Restructuring, re-schedulement of loans, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, sale of NPAs to Asset Reconstruction Companies / other banks / Financial Institutions, settlement with the borrower under the One Time Settlement Schemes, filing suit before the Debt Recovery Tribunals, etc.

Regional Rural Banks

1622.PROF. ALKA BALRAM KSHATRIYA: Will the PRIME MINISTER be pleased to state:

(a) whether Government is aware that Regional Rural Banks in the country are in distress since the State Governments have started withdrawing deposits from them;

(b) if so, the details thereof;

(c) whether Government has formulated any plans to protect the Regional Rural Banks in the country which are on the verge of collapse; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) No such instance has been reported by Reserve Bank of India (RBI) or National Bank for Agriculture and Rural Development (NABARD). However, some State Governments park their deposits in the Nationalized Banks only. Taking note of it, RBI has advised their Regional Offices to discuss the issue with appropriate authorities for issuing suitable instructions to various departments to avoid discrimination against Regional Rural Banks (RRBs) and to encourage them by giving a fair share of business/deposits. To strengthen the RRBs, several measures have been taken:-

1) Amalgamation of Regional Rural Banks (RRBs) sponsor bank-wise at State level. The amalgamated RRBs will reap benefits of a large, area of operation and enhanced credit exposure limits.

2) Recapitalization of weak RRBs in a phased manner.

3) Expansion of non-fund based business activities such as sale of insurance policies, disbursement of pension, salaries etc. and handling of Government business to increase income generation.

4) Permitting RRBs to accept Foreign Currency Non-Residents (FCNR) Deposits.

5) Allowing consortium lending to RRBs.